

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT SERVICES
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Tax 2.0	EFFECTIVE DATE: 3/19/87
TITLE: DOR Tax Set-Off Program	REVISION DATE: 10/31/92
AUTHORIZED BY: Cheryl Thompson, Assistant Director	PAGE 1 OF 2

BACKGROUND

Section 73.12, Wisconsin Statutes, authorizes the Department of Revenue (DOR) to intercept State of Wisconsin checks as a set off against delinquent taxes owned by the payee to the State of Wisconsin. Any vendor having contracts in excess of \$3,000 with the State of Wisconsin is subject to the set-off activity for delinquent taxes. All checks for a vendor will be turned over to DOR by the Department of Administration (DOA) until the taxes are paid in full or a waiver to the set off is obtained.

PROCEDURES

1. DOA provides DOR a tape listing all vendors that have contracts with the State of Wisconsin in excess of \$3,000. DOR matches this listing to their listing of vendors owing taxes to the State of Wisconsin. DOR advises DOA of the matches and requests that checks for those vendors are intercepted and sent to them. DOR informs the vendor that future checks will be intercepted until the tax matter is resolved.
2. The State Treasurer pulls the vendor checks to be applied to a vendor's tax liability and forwards them to DOR. The State Treasurer's Office will advise DHSS that a check has been intercepted and sent to DOR by completing a two-part form (Pulled-Check Form A-830). When the checks are received from the State Treasurer, this form, instead of the check, will be in the location previously held by that check.
3. Upon receipt of an A-830, the Chief of the General Accounting Section will send a memorandum to the organization responsible to pay the vendor to determine if a set-off waiver should be requested.

A waiver may be requested if this vendor is either (1) an essential supplier of critical commodities or (2) the only vendor from whom a necessary good or service can be obtained.

4. A request for waiver should be made within 24 hours of receiving the notification of check interception. All requests should be sent to the Chief of the General Accounting Section who will advise DOA that a set-off waiver should be requested, and the checks released to DHSS for mailing. DOA procurement has the final decision on whether a request is granted.

5. Within 5 days of receiving a vendor's set-off check, the Department of Revenue will notify the vendor that the check was intercepted to reduce the vendor's liability. DOR will deposit the check with a special endorsement thereon indicating the intercept did take place.
6. If DOR determines, within five working days of receiving the intercepted check, that the tax delinquency was previously satisfied or the wrong check was intercepted, DOR will promptly route the original check to DHSS to be mailed with any necessary attachments to the vendor. DOR in these cases will not send any intercepted check notice to the vendor. BFS will attach both copies of the A-830 to the DHSS voucher.
7. If DHSS does not receive any checks from DOR within five working days after receiving the A-830, DHSS will send a copy of Form A-830 with any remittance data that would have accompanied the check to the vendor. The remaining A-830 will be attached to the DHSS voucher.
8. If at any time the intercepted check exceeds the delinquent tax amount, DOR will inform the vendor that an overpayment occurred, and a DOR check representing the overpayment will be sent directly to the vendor. Within five (5) working days of receiving the check that exceeded the vendor's tax liability, DOR will provide BFS a copy of the vendor notification. BFS will forward the DOR notification with any remittance data that would have accompanied the intercepted check to the vendor. Upon receiving the DOR check, the vendor can reference the data supplied by BFS to ensure proper account application.
9. DHSS General Accounting personnel will monitor the set-off activity and maintain a log concerning all set off actions.
10. The DOA Warrant Register located in BFS will have an asterisk (*) appearing at the extreme left margin of the line for a specific check that was intercepted for an intended set-off action. The asterisk (*) does not mean a set-off action did occur with the check being deposited by DOR.
11. Contingent fund payments will not be affected by this procedure.

CONTACT PERSON

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